

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-Q

(Mark One)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2009

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE EXCHANGE ACT

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 000-15888

IGENE Biotechnology, Inc.

(Exact name of registrant as specified in its charter)

Maryland

(State or other jurisdiction of  
incorporation or organization)

52-1230461

(I.R.S. Employer  
Identification No.)

9110 Red Branch Road, Columbia, Maryland 21045-2024

(Address of principal executive offices)

(410) 997-2599

(Registrant's telephone number, including area code)

None

(Former name, former address and former fiscal year,  
if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☐

Smaller reporting company ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

There were 1,560,404,297 shares of common stock, par value \$.01, issued and outstanding as of November 3, 2009.

FORM 10-Q  
IGENE Biotechnology, Inc.

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IGENE BIOTECHNOLOGY, INC. QUARTERLY REPORT  
UNDER SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

PART I  
FINANCIAL INFORMATION

**Item 1. Financial Statements****IGENE Biotechnology, Inc. and Subsidiary  
Consolidated Balance Sheets**

	September 30, 2009 (Unaudited)	December 31, 2008
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 1,921,438	\$ 1,488,011
Accounts receivable	33,602	1,045,767
Inventory	---	2,398,520
Investment in NaturXan	702,432	---
Due from NaturXan	1,828,444	---
Prepaid expenses and other current assets	<u>27,010</u>	<u>23,702</u>
TOTAL CURRENT ASSETS	4,512,926	4,956,000
Property and equipment (net of accumulated depreciation of \$485,691 and \$360,917, respectively)	902,927	831,838
5 year non-compete (net of accumulated amortization of \$53,892 and \$30,796, respectively)	100,085	123,181
Intellectual property	149,670	149,670
Other assets	<u>5,125</u>	<u>5,125</u>
TOTAL ASSETS	<u>\$ 5,670,733</u>	<u>\$ 6,065,814</u>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIENCY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 441,515	\$ 2,849,455
Guarantee in debt of NaturXan	<u>1,680,860</u>	<u>---</u>
TOTAL CURRENT LIABILITIES	2,122,375	2,849,455
<b>LONG-TERM DEBT</b>		
Notes payable (net of unamortized discount of \$10,276)	353,598	353,598
Contingent liability on joint venture separation	5,000,000	5,000,000
Accrued interest	330,900	307,247
<b>REDEEMABLE PREFERRED STOCK</b>		
Carrying amount of redeemable preferred stock, 8% cumulative, convertible, voting, series A, \$0.01 par value per share. Stated value \$21.44 and \$20.96, respectively. Authorized 1,312,500 shares; issued and outstanding 11,134 shares.	<u>238,713</u>	<u>233,377</u>
TOTAL LIABILITIES	<u>8,045,586</u>	<u>8,743,677</u>
<b>COMMITMENTS AND CONTINGENCIES</b>		
<b>STOCKHOLDERS' DEFICIENCY</b>		
Common stock --- \$0.01 par value per share. Authorized 3,000,000,000 shares; issued and outstanding 1,560,404,297 shares and 1,518,503,841 shares, respectively.	15,604,043	15,185,038
Additional paid-in capital	34,466,644	34,885,649
Accumulated deficit	(52,485,127)	(52,730,767)
Other comprehensive income	<u>39,587</u>	<u>(17,783)</u>
TOTAL STOCKHOLDERS' DEFICIENCY	<u>(2,374,853)</u>	<u>(2,677,863)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' DEFICIENCY	<u>\$ 5,670,733</u>	<u>\$ 6,065,814</u>

The accompanying notes are an integral part of the financial statements.

**IGENE Biotechnology, Inc. and Subsidiary**  
**Consolidated Statements of Operations**  
**(Unaudited)**

	<u>Three months ended</u>		<u>Nine months ended</u>	
	<u>September 30,</u>	<u>September 30,</u>	<u>September 30,</u>	<u>September 30,</u>
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<b>REVENUE</b>				
Sales	\$ 1,115,789	\$ 1,734,366	\$ 3,953,099	\$ 6,262,035
Cost of sales	<u>461,471</u>	<u>1,232,388</u>	<u>2,978,383</u>	<u>4,829,894</u>
GROSS PROFIT	654,318	501,978	974,716	1,432,141
LOSS OF JOINT VENTURE	<u>(420,342)</u>	<u>---</u>	<u>(978,428)</u>	<u>---</u>
<b>OPERATING EXPENSES</b>				
Marketing and selling	97,780	179,204	284,164	641,199
Research and development	442,334	402,774	1,320,849	1,192,312
General and administrative	162,070	165,443	644,229	570,238
Operating expenses reimbursed by Joint Venture	<u>(619,419)</u>	<u>---</u>	<u>(1,526,256)</u>	<u>---</u>
TOTAL OPERATING EXPENSES	<u>82,765</u>	<u>747,421</u>	<u>722,986</u>	<u>2,403,749</u>
OPERATING PROFIT (LOSS)	151,211	(245,443)	(726,698)	(971,608)
OTHER INCOME	---	---	1,026,642	2,040
INTEREST EXPENSE (including amortization of debt discount of \$351,695 for the three months ended September 30, 2008, and \$1,055,085 for the nine months ended September 30, 2008)	<u>(36,403)</u>	<u>(553,024)</u>	<u>(54,304)</u>	<u>(1,654,773)</u>
NET INCOME (LOSS)	<u>\$ 114,808</u>	<u>\$ (798,467)</u>	<u>\$ 245,640</u>	<u>\$(2,624,341)</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Foreign exchange translation	(8,716)	(17,860)	57,370	30,116
TOTAL COMPREHENSIVE INCOME (LOSS)	<u>\$ 106,092</u>	<u>\$ (816,327)</u>	<u>\$ 303,010</u>	<u>\$(2,594,225)</u>
BASIC AND DILUTED NETINCOME (LOSS) PER COMMON SHARE	<u>\$ (0.00)</u>	<u>\$ (0.01)</u>	<u>\$ 0.00</u>	<u>\$(0.02)</u>
WEIGHTED AVERAGE SHARES OUTSTANDING	<u>1,553,572,701</u>	<u>110,337,072</u>	<u>1,530,321,918</u>	<u>110,337,072</u>

The accompanying notes are an integral part of the financial statements.

**IGENE Biotechnology, Inc. and Subsidiary**  
**Consolidated Statement of Stockholders' Deficiency**  
**(Unaudited)**

	<u>Common Stock</u> <u>(shares/amount)</u>		<u>Additional</u> <u>Paid-in</u> <u>Capital</u>	<u>Accumulated</u> <u>Deficit</u>	<u>Other</u> <u>Comprehensive</u> <u>Income</u>	<u>Total</u> <u>Stockholders'</u> <u>Deficiency</u>
Balance at January 1, 2009	1,518,503,841	\$15,185,038	\$ 34,885,649	\$ (52,730,767)	\$ (17,783)	\$ 2,677,863)
Gain due to currency translation	---	---	---	---	57,370	57,370
Employee stock options purchased for shares of stock	41,900,456	419,005	(419,005)	---	---	---
Net income for the nine months ended September 30, 2009	---	---	---	<u>245,640</u>	---	<u>245,640</u>
Balance at September 30, 2009	<u>1,560,404,297</u>	<u>\$15,604,043</u>	<u>\$ 34,466,644</u>	<u>\$ (52,485,127)</u>	<u>\$ 39,587</u>	<u>\$ (2,374,853)</u>

The accompanying notes are an integral part of the financial statements.

**IGENE Biotechnology, Inc. and Subsidiary**  
**Consolidated Statements of Cash Flows**  
**(Unaudited)**

	<u>Nine months ended</u>	
	<u>September 30,</u> <u>2009</u>	<u>September 30,</u> <u>2008</u>
Cash flows from operating activities		
Net income (loss)	\$ 245,640	\$ (2,624,341)
Adjustments to reconcile net gain (loss) to net cash provided by operating activities:		
Amortization of debt discount	---	1,055,085
Depreciation	124,774	13,308
Increase in preferred stock for cumulative dividends classified as interest	5,336	5,350
Amortization of customer contracts and non-compete	23,097	198,340
Gain on forgiveness of debt	(1,025,741)	---
Reimbursable expenses of joint venture	(302,188)	---
Loss of joint venture	978,428	---
Decrease (increase) in:		
Accounts receivable	1,012,165	1,335,067
Inventory	2,398,521	4,331,249
Prepaid expenses and other current assets	(3,309)	15,068
Increase (decrease) in:		
Accounts payable and accrued expenses	<u>(2,884,801)</u>	<u>(3,983,520)</u>
Net cash provided by operating activities	<u>571,920</u>	<u>345,606</u>
Cash flows from investing activities		
Purchase of equipment	<u>(195,863)</u>	<u>(250,976)</u>
Net cash used in financing activities	<u>(195,863)</u>	<u>(250,976)</u>
Cash flows from financing activities		
Net cash provided by financing activities	<u>---</u>	<u>---</u>
Gain due to currency translation	57,370	30,116
Net increase in cash and cash equivalents	433,427	124,746
Cash and cash equivalents at beginning of period	<u>1,488,011</u>	<u>1,026,350</u>
Cash and cash equivalents at end of period	<u>\$ 1,921,438</u>	<u>\$ 1,151,096</u>
<u>Supplementary disclosure and cash flow information</u>		
Cash paid for interest	\$ ---	\$ ---
Cash paid for income taxes	---	---

See Note (4) for non-cash investing and financing activities.

The accompanying notes are an integral part of the financial statements.



**IGENE Biotechnology, Inc. and Subsidiary**  
**Notes to Consolidated Financial Statements**  
**(Unaudited)**

**(1) Unaudited Consolidated Financial Statements**

The September 30, 2009, consolidated financial statements presented herein are unaudited, and in the opinion of management, include all adjustments (consisting only of normal recurring accruals) necessary for a fair presentation of financial position, results of operations and cash flows. Such financial statements do not include all of the information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America. This Quarterly Report on Form 10-Q should be read in conjunction with the Annual Report on Form 10-K for IGENE Biotechnology, Inc. ("Igene" or the "Company") for the year ended December 31, 2008. The December 31, 2008, consolidated balance sheet is derived from the audited balance sheet included therein.

**(2) Nature of Operations**

Igene was incorporated in the State of Maryland on October 27, 1981, to develop, produce and market value-added specialty biochemical products. Igene is a supplier of natural astaxanthin, an essential nutrient in different feed applications and a source of pigment for coloring farmed salmon species. Igene is also venturing to supply astaxanthin as a nutraceutical ingredient. Igene is focused on research and development in the areas of fermentation technology, nutrition and health and the marketing of products and applications worldwide. Igene is the developer of AstaXin®, a natural astaxanthin product made from yeast, which is used as a source of pigment for coloring farmed salmonids.

Igene has devoted its resources to the development of proprietary processes to convert selected agricultural raw materials or feedstocks into commercially useful and cost effective products for the food, feed, flavor and agrochemical industries. In developing these processes and products, Igene has relied on the expertise and skills of its in-house scientific staff and, for special projects, various consultants.

In 2000, Igene formed a wholly-owned subsidiary, Igene Chile Comercial, Ltda., in Chile. The subsidiary has a sales and customer service office in Puerto Varas, Chile, and a product warehouse in Puerto Montt, Chile.

In an effort to develop a dependable source of production, on March 19, 2003, Tate & Lyle PLC ("Tate") and Igene announced a 50:50 joint venture to produce AstaXin® for the aquaculture industry, which we refer to as the "Joint Venture." Production utilized Tate's fermentation capability together with the unique technology developed by Igene. Part of Tate's existing citric acid facility located in Selby, England, was modified to include the production of this product. Tate's investment of approximately \$24,600,000 included certain of its facility assets that were used in citric acid production. Igene's contribution to the Joint Venture, including its intellectual property and its subsidiary in Chile, was valued by the parties as approximately equal to Tate's contribution. For accounting purposes, Igene's accounting contribution was valued at zero.

On October 31, 2007, Igene and Tate entered into a Separation Agreement pursuant to which the Joint Venture Agreement was terminated. As part of the Separation Agreement, Igene sold to Tate its 50% interest in the Joint Venture and the Joint Venture sold to Igene its intellectual property, inventory and certain assets and lab equipment utilized by the Joint Venture, as well as Igene's subsidiary in Chile. The purchase price paid by Tate to Igene for its 50% interest in the Joint Venture was 50% of the Joint Venture's net working capital. The purchase price paid by Igene for the inventory was an amount equal to 50% of the Joint Venture's net working capital, the assumption of various liabilities and the current market price of the inventory, less specified amounts. In addition, Igene agreed to pay to Tate an amount equal to 5% of Igene's gross revenues from the sale of astaxanthin up to a maximum of \$5,000,000. Tate agreed for a period of five years not to engage in the astaxanthin business.

On January 8, 2009, Igene entered into an agreement with Archer-Daniels-Midland Company ("ADM") pursuant to which the Company and ADM formed a joint venture (the "ADM JV") to manufacture and sell astaxanthin and derivative products throughout the world. Each of the Company and ADM has a 50% ownership interest in the ADM JV and has equal representation on the Board of Managers of the ADM JV.

**IGENE Biotechnology, Inc. and Subsidiary**  
**Notes to Consolidated Financial Statements**  
**(Unaudited)**  
**(continued)**

**(3) Noncash Investing and Financing Activities**

During the nine months ended September 30, 2009 and 2008, the Company recorded in each quarter dividends in arrears on 8% redeemable preferred stock accumulating at \$.16 per share aggregating to \$5,336 and \$5,350, respectively.

During November of 2008, Igene commenced the process of offering to exchange common stock to holders of Igene notes, debentures and warrants. The exchanges that occurred resulted in recording of additional paid in capital on the termination of the debt in the amount of \$8,649,796. The details are as follows:

Pursuant to the terms of an Indenture dated as of March 31, 1998, as amended (the "Indenture") between Igene and American Stock Transfer & Trust Company, as Trustee (the "Trustee"), Igene issued and sold \$5,000,000 of its 8% notes (the "8% Notes"). Concurrently with the issuance of the 8% Notes, Igene issued, pursuant to a Warrant Agreement by and between Igene and American Stock Transfer & Trust Company (the "Warrant Agent") dated as of March 31, 1998, as amended (the "Warrant Agreement"), 50,000,000 warrants to purchase shares of Igene common stock for \$.10 per share expiring March 31, 2008. The warrant purchase price under the Warrant Agreement was reduced to \$.075 per share, and the maturity date of the 8% Notes was extended to March 31, 2006, by an amendment dated March 18, 2003, and approved by the requisite number of holders of the securities.

On March 28, 2006, Igene and American Stock Transfer & Trust Company, in its capacity as Trustee and Warrant Agent, entered into a Second Amendment to Indenture, Securities, Warrant Agreement and Warrant Certificates that extended the maturity date of the 8% Notes to March 31, 2009, and reduced the warrant price under the Warrant Agreement from \$.075 to \$.056 per share.

On October 23, 2008, Igene and American Stock Transfer & Trust Company, in its capacity as Trustee and Warrant Agent, entered into a Third Amendment to Indenture, Securities, Warrant Agreement and Warrant Certificates that extended the maturity date of the 8% Notes to March 31, 2019. The warrants under the Warrant Agreement expired as of March 31, 2008.

On December 3, 2008, Igene completed an offering to exchange 145,600 of our shares of common stock, par value \$.01 per share, for each \$1,000 principal amount of the 8% Notes outstanding and accrued interest thereon. As of that date, \$4,759,767 of 8% notes principal were outstanding, with \$4,064,450 accrued interest thereon. Of these notes, \$4,436,515 of notes principal with \$3,788,419 of interest were exchanged for 645,956,606 shares of Igene common stock at a price of \$.005 per share. As a result, additional paid in capital was recorded for the gain of \$4,995,151 on the retirement.

On November 28, 2008, Igene commenced an offering to exchange shares of its common stock to holders of its privately held debt and associated warrants. Much of this indebtedness was held by current and past directors and consisted of the following:

The funds to settle the ProBio litigation were provided by Igene's directors. On February 15, 2007, Igene issued and sold \$762,000 in aggregate principal amount of 5% convertible debentures, 50% each to two directors of Igene. These debentures were convertible into shares of Igene's common stock at \$.02 per share. At the time of the exchange the accrued interest on this debt was \$67,641. All debt and interest under the 5% convertible debentures were exchanged for 66,371,244 shares of common stock.

Igene issued \$3,814,212 of 8% convertible debentures between March 2001 and July 2002. The debt had accrued \$2,204,106 of interest at the time of the exchange. Also, 66,427,650 warrants were issued in connection with the 8% convertible debentures. All of the debt and interest, as well as all of the warrants, were exchanged for 528,578,590 shares of Igene common stock. The original issuances that comprised this liability are as follows:

**IGENE Biotechnology, Inc. and Subsidiary**  
**Notes to Consolidated Financial Statements**  
**(Unaudited)**  
**(continued)**

On July 17, 2002, Igene issued and sold \$300,000 in aggregate principal amount of 8% convertible debentures, 50% each to two directors of Igene. These debentures were convertible into shares of Igene's common stock at \$.03 per share based on the market price of Igene's shares at the time the debentures were agreed to. In consideration of the commitment to purchase the 8% convertible debenture, these directors also received an aggregate of 10,000,000 warrants to purchase common stock at \$.03 per share.

On February 22, 2002, Igene issued and sold \$1,000,000 in aggregate principal amount of 8% convertible debentures, 50% each to two directors of Igene. These debentures were convertible into shares of Igene's common stock at \$.04 per share based on the market price of Igene's shares at the time the debentures were agreed to. In consideration of the commitment to purchase the 8% convertible debenture, these directors also received an aggregate of 25,000,000 warrants to purchase common stock at \$.04 per share.

In March 2001, Igene issued \$1,014,211 of 8%, 10-year, convertible debentures to certain directors of Igene in exchange for the cancellation of \$800,000 of demand notes payable (including accrued interest of \$14,212) and \$200,000 in cash. \$600,000 of these demand notes were issued during 2000 and \$200,000 were issued subsequently. These debentures were convertible into 10,142,110 shares of Igene's common stock at \$.08 per share. These directors also received 10,142,110 warrants to purchase common stock at \$.08 per share.

In March 2001, certain directors of Igene also committed to provide additional funding in the form of 8%, 10-year, convertible debentures in the amount of \$1,500,000. In consideration of this commitment, these directors also received 18,750,000 warrants to purchase common stock at \$.08 per share. These debentures are convertible into 18,750,000 shares of Igene's common stock at \$.08 per share.

Convertible debentures were summarized as follows:

	<u>Principal</u>	<u>Accrued Interest</u>
8%, 10-year, convertible debenture issued 7/17/02	\$ 300,000	\$ 152,745
8%, 10-year, convertible debenture issued 2/22/02	1,000,000	538,301
8%, 10-year, convertible debenture issued 3/1/01	1,014,212	567,262
8%, 10-year, convertible debenture issued 3/27/01	1,500,000	945,798
5%, 10-year, convertible debenture issued 2/15/07	<u>762,000</u>	<u>67,641</u>
	\$ 4,576,212	\$ 2,271,747

Beginning November 16, 1995, and continuing through May 8, 1997, Igene issued promissory notes to certain directors for aggregate consideration of \$1,082,500. These notes specify that at any time prior to repayment the holder has the right to convert the notes to common stock of Igene at prices ranging from \$.05 per share to \$.135 per share, based on the market price of common shares at the respective issue dates. The notes were convertible in total into 13,174,478 shares of common stock. As a result of the extensions they are now convertible into 23,421,273 shares of common stock. At the time of the exchange the debt had accrued interest in the amount of \$832,485. Of the amount outstanding holders of \$1,041,878 of debt with \$801,269 of accrued interest agreed to exchange their holdings for 147,451,719 shares of Igene common stock. As part of this debt Igene had 60,541,666 warrants outstanding to purchase Igene common stock. 60,301,666 of these warrants were additionally settled in exchange for 19,808,610 shares of Igene common stock.

In total, 762,210,163 shares of Igene common stock were issued in exchange for \$5,618,090 of notes and debentures, \$3,073,015 of related interest, and 126,729,316 related warrants.

On June 16, 2009, the Board of Directors of Igene approved a repurchase of all outstanding employee stock options and warrants. It was agreed to repurchase 51,425,000 options and warrants, using 41,900,456 shares of restricted stock. Holders of options and warrants were contacted and agreements were reached. On July 16, 2009, shares were issued and options and warrants were cancelled.

**IGENE Biotechnology, Inc. and Subsidiary**  
**Notes to Consolidated Financial Statements**  
**(Unaudited)**  
**(continued)**

**(4) Stockholders' Deficiency**

As of September 30, 2009, 22,268 shares of authorized but unissued common stock were reserved for issue upon conversion of the Company's outstanding preferred stock.

As of September 30, 2009, 656,428 shares of authorized but unissued common stock were reserved for the exercise of outstanding warrants.

**(5) Basic and Diluted Net Loss per Common Share**

Basic and diluted net loss per common share for the three-months ended September 30, 2009 and 2008, are based on 1,553,572,701 and 110,337,072, respectively, of weighted average common shares outstanding. Basic and diluted net loss per common share for the nine-months ended September 30, 2009 and 2008, are based on 1,530,321,918 and 110,337,072, respectively, of weighted average common shares outstanding. No adjustment has been made for any common stock equivalents outstanding because their effects would be antidilutive. As of September 30, 2009 and 2008, potentially dilutive shares totaled 1,561,082,993 and 488,414,337, respectively.

**(6) Going Concern**

Igene has incurred net losses in each year of its existence, aggregating approximately \$52,485,000 from inception to September 30, 2009 and as of September 30, 2009, Igene's liabilities exceeded its assets by approximately \$2,375,000. These factors indicate that Igene may not be able to continue in existence unless it is able to raise additional capital and attain profitable operations.

As discussed, as of October 31, 2007, Igene had terminated its relationship with Tate & Lyle. Igene maintained the saleable inventory after the termination of the relationship. Igene sold the existing inventory in order to maintain its relationship with customers and used these funds to cover expenses.

On January 8, 2009, Igene entered into an agreement with Archer-Daniels-Midland Company ("ADM") pursuant to which the Company and ADM formed a joint venture (the "ADM JV") to manufacture and sell astaxanthin and derivative products throughout the world. Each of the Company and ADM has a 50% ownership interest in the ADM JV and has equal representation on the Board of Managers of the ADM JV.

**(7) NaturXan LLC**

ADM has provided a working line of credit to the ADM JV bearing interest at the rate of 4% in excess of the one year LIBOR. As part of the ADM JV agreement both Igene and ADM agreed to provide a Guarantee for 50% of the indebtedness of the new venture NaturXan, LLC, up to \$1,612,500. The \$1,828,444 due from NaturXan is for services provided by Igene to the ADM JV. These fees are payable within 30 days of the receipt of the invoice. Unpaid invoices will accrue interest at the six month LIBOR.

Currently the joint venture is in the process of developing the manufacturing process. Management expects dependable production during the fourth quarter of 2009. As of the end of the third quarter Igene has not made an investment in the ADM JV.

**IGENE Biotechnology, Inc. and Subsidiary**  
**Notes to Consolidated Financial Statements**  
**(Unaudited)**  
**(continued)**

**(8) Forgiveness of Debt**

Igene has recorded a gain of \$1,025,741. This is a one-time occurrence related to a liability recorded in a prior period related to the termination of the joint venture with Tate & Lyle. On February 26, 2009, Igene signed a settlement agreement of past obligations and made a final payment to Tate & Lyle in the amount of \$714,227. At the termination of the joint venture, Igene recorded liabilities of \$890,000 for payments of past payables of the joint venture as well as \$51,000 for costs related to collection of receivables of the joint venture. The expense was recorded when it was thought Igene could be liable for it, but with the exception of the \$5,000,000 liability related to future revenue (see Note 2), Igene has settled its debt to Tate & Lyle.

**(9) Common Stock**

On June 16, 2009, the Board of Directors of Igene approved a repurchase of all outstanding employee stock options and warrants. It was agreed to repurchase 51,425,000 options and warrants, using 41,900,456 shares of restricted stock. Holders of options and warrants were contacted and agreements were reached. On July 16, 2009, shares were issued and options and warrants were cancelled.

**(10) Subsequent Events**

There are no significant subsequent events to report through November 13, 2009, the date the financial statements were issued.

**IGENE Biotechnology, Inc. and Subsidiary  
Management's Discussion and Analysis of  
Financial Condition and Results of Operations**

**Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations**

**CAUTIONARY STATEMENTS FOR PURPOSES OF "SAFE HARBOR PROVISIONS" OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995:**

EXCEPT FOR HISTORICAL FACTS, ALL MATTERS DISCUSSED IN THIS REPORT, WHICH ARE FORWARD LOOKING, INVOLVE A HIGH DEGREE OF RISK AND UNCERTAINTY. CERTAIN STATEMENTS IN THIS REPORT SET FORTH MANAGEMENT'S INTENTIONS, PLANS, BELIEFS, EXPECTATIONS OR PREDICTIONS OF THE FUTURE BASED ON CURRENT FACTS AND ANALYSES. WHEN WE USE THE WORDS "BELIEVE," "EXPECT," "ANTICIPATE," "ESTIMATE," "INTEND" OR SIMILAR EXPRESSIONS, WE INTEND TO IDENTIFY FORWARD-LOOKING STATEMENTS. YOU SHOULD NOT PLACE UNDUE RELIANCE ON THESE FORWARD-LOOKING STATEMENTS. ACTUAL RESULTS MAY DIFFER MATERIALLY FROM THOSE INDICATED IN SUCH STATEMENTS, DUE TO A VARIETY OF FACTORS, RISKS AND UNCERTAINTIES. POTENTIAL RISKS AND UNCERTAINTIES INCLUDE, BUT ARE NOT LIMITED TO, COMPETITIVE PRESSURES FROM OTHER COMPANIES WITHIN THE BIOTECH AGRICULTURE AND AQUACULTURE INDUSTRIES, ECONOMIC CONDITIONS IN THE COMPANY'S PRIMARY MARKETS, EXCHANGE RATE FLUCTUATIONS, REDUCED PRODUCT DEMAND, INCREASED COMPETITION, INABILITY TO PRODUCE REQUIRED CAPACITY, UNAVAILABILITY OF FINANCING, GOVERNMENT ACTION, WEATHER CONDITIONS AND OTHER UNCERTAINTIES, INCLUDING THOSE DETAILED IN "RISK FACTORS" THAT ARE INCLUDED FROM TIME-TO-TIME IN THE COMPANY'S SECURITIES AND EXCHANGE COMMISSION FILINGS. THE COMPANY ASSUMES NO DUTY TO UPDATE FORWARD-LOOKING STATEMENTS TO REFLECT EVENTS OR CIRCUMSTANCES AFTER THE DATE OF SUCH STATEMENTS.

**Critical Accounting Policies**

Except as otherwise provided herein, the preparation of our financial statements in conformity with accounting principles generally accepted in the United States (or "GAAP") requires management to make judgments, assumptions and estimates that affect the amounts reported in our financial statements and accompanying notes. Actual results could differ materially from those estimates. The following are critical accounting policies important to our financial condition and results of operations presented in the financial statements and require management to make judgments and estimates that are inherently uncertain:

The inventories are stated at the lower of cost or market. Cost is determined using a weighted-average approach, which approximates the first-in first-out method. If the cost of the inventories exceeds their expected market value, provisions are recorded for the difference between the cost and the market value. Inventories consist of currently marketed products.

Revenue from product sales are recognized when there is persuasive evidence that an arrangement exists, delivery has occurred, the price is fixed and determinable, and collectability is reasonably assured. Allowances are established for estimated uncollectible amounts, product returns and discounts.

The Joint Venture and the ADM Joint Venture was accounted for under the equity method of accounting as Igene has a 50% ownership interest.

Igene will recognize the loss of the ADM Joint Venture beyond the investment and advances to the ADM Joint Venture, to the point Igene maintains guarantees in the debt of the ADM Joint Venture.

**IGENE Biotechnology, Inc. and Subsidiary  
Management's Discussion and Analysis of  
Financial Condition and Results of Operations  
(Continued)**

**Results of Operations**

**Sales and other revenue**

For the quarters ended September 30, 2009 and 2008, Igene recorded sales in the amounts of \$1,115,789 and \$1,734,366, respectively, a decrease of \$618,577 or 35%. For the nine months ended September 30, 2009 and 2008, Igene recorded sales in the amounts of \$3,953,099 and \$6,262,035, respectively, a decrease of \$2,308,936 or 36%. Sales had been limited in past years due to insufficient production quantity and have been limited in the current period as Igene has completed selling the inventory remaining from the joint venture with Tate & Lyle. As the production is being developed and production begins in the new ADM JV, management believes that the ADM JV will provide saleable product that will allow Igene to be competitive in the market place and allow for increased sales in the future, though no assurances can be provided in this matter. All future sales of the ADM JV product will be recorded through the joint venture.

**Cost of sales and gross profit**

For the quarters ended September 30, 2009 and 2008, Igene recorded cost of sales in the amounts of \$461,471 and \$1,232,388, respectively, a decrease of \$770,917 or 62%. This resulted in a gross profit of \$654,318, or 58% for the quarter ended September 30, 2009 and gross profit of \$501,978, or 28% for the quarter ended September 30, 2008. For the nine months ended September 30, 2009 and 2008, Igene recorded cost of sales in the amounts of \$2,978,383 and \$4,829,894, respectively, a decrease of \$1,851,511 or 38%. This resulted in a gross profit of \$974,716, or 24% for the nine months ended September 30, 2009 and gross profit of \$1,432,141, or 22% for the nine months ended September 30, 2009. The gross profit is due mainly to the discount in which the product was purchased at the conclusion of the joint venture with Tate & Lyle. As with sales, with the termination of the joint venture with Tate & Lyle, there can be no assurance of the continued dependability of production. Management believes that the ADM JV will provide saleable product that will allow Igene to be competitive in the market place and allow for increased sales in the future, though no assurances can be provided in this matter. As a result, future cost of sales is expected to increase as a new source of production is developed. All future cost of sales on the ADM JV product will be recorded through the joint venture.

**Loss from Joint Venture**

For the quarter ended September 30, 2009, Igene recorded a loss from the ADM JV of \$420,342. For the nine months ended September 30, 2009, Igene recorded a loss from the ADM JV of \$978,428. On January 8, 2009, Igene entered into an agreement with Archer-Daniels-Midland Company ("ADM") pursuant to which the Company and ADM formed a joint venture (the "ADM JV") to manufacture and sell astaxanthin and derivative products throughout the world. Each of the Company and ADM has a 50% ownership interest in the ADM JV and has equal representation on the Board of Managers of the ADM JV.

On October 31, 2007, Igene terminated its relationship with Tate & Lyle. Igene maintained the saleable inventory after the termination of the relationship. Igene sold the existing inventory in order to maintain its relationship with customers and used these funds to cover expenses. The new ADM JV began selling product in the current quarter as the preparation for full scale production of product continues. For the nine months ended September 30, 2009, revenues from sales of product were \$1,710,051. Cost of sales for the nine month period ended were \$1,819,507 resulting in a gross loss of \$109,456. Expenses recorded by the ADM JV were \$1,847,399 resulting in a net loss of \$1,956,855 for the nine months ended September 30, 2009. Igene's 50% interest resulted in the \$978,428 loss recorded. Management believes that this new ADM JV will provide saleable product that will allow Igene to be competitive in the market place and allow for increased sales in the future, though no assurances can be provided in this matter.

**IGENE Biotechnology, Inc. and Subsidiary  
Management's Discussion and Analysis of  
Financial Condition and Results of Operations  
(Continued)**

**Marketing and selling expenses**

For the quarters ended September 30, 2009 and 2008, Igene recorded marketing and selling expense in the amount of \$97,780 and \$179,204, respectively, a decrease of \$81,424 or 45%. For the nine months ended September 30, 2009 and 2008, Igene recorded marketing and selling expense in the amount of \$284,164 and \$641,199, respectively, a decrease of \$357,035 or 55%. With the creation of the ADM JV, responsibility for the marketing and selling function is being assumed by the Joint Venture. It is expected that marketing and selling expenses will fluctuate as activities continue to maintain customer base through the period of transition in which the development of production continues. However, no assurances can be made with regard to a new source of production or the maintenance of the customer base. Expenses are expected to be funded by the new ADM JV and cash flows from operations, to the extent available for such purposes. During the nine months ended September 30, 2009, \$56,318 of the marketing cost was reimbursed by the ADM JV.

**Research, development and pilot plant expenses**

For the quarters ended September 30, 2009 and 2008, Igene recorded research and development costs in the amount of \$442,334 and \$402,774, respectively, an increase of \$39,560 or approximately 9%. For the nine months ended September 30, 2009 and 2008, Igene recorded research and development costs in the amount of \$1,320,849 and \$1,192,312, respectively, an increase of \$128,537 or 10%. Research and development costs have increased as Igene works to support the new ADM JV in achieving full production. In addition, continuing research is underway to develop new uses for its product. It is expected these costs will remain at current increased levels in support of increasing the efficiency of the manufacturing process through experimentation in the Company's pilot plant, developing higher yielding strains of yeast and other improvements in the Company's AstaXin® technology. Expenses are expected to be funded by the new ADM JV and cash flows from operations, to the extent available for such purposes. During the nine months ended September 30, 2009, \$1,315,256 of the research and development cost was reimbursed by the ADM JV.

**General and administrative expenses**

General and administrative expenses for the quarter ended September 30, 2009 and 2008 were \$162,070 and \$165,443, respectively, a decrease of \$3,373 or 2%. General and administrative expenses for the nine months ended September 30, 2009 and 2008 were \$644,229 and \$570,238, respectively, an increase of \$73,991 or 12%. These costs are expected to remain constant. Igene works to reduce overhead costs and spend funds on research and development efforts. A portion of this cost is expected to be covered by the ADM JV, but the majority of these expenses will need to be funded by cash flows from operations, to the extent available for such purposes. \$154,682 of the 2009 general and administrative cost was reimbursed by the ADM JV.

**Expenses reimbursed by Joint Venture**

As part of the ADM Joint Venture Agreement, a portion of costs incurred by Igene related to production, research and development, those related to the marketing of AstaXin®, as well as those costs related to general and administrative functions of the Joint Venture are considered costs of the Joint Venture and therefore will be reimbursed by the ADM JV. For the nine months ended September 30, 2009, costs reimbursed by the ADM JV totaled \$1,526,256. The costs covered \$1,315,256 of research and development costs, \$56,318 of marketing costs, and \$154,682 of general and administrative costs.



**IGENE Biotechnology, Inc. and Subsidiary  
Management's Discussion and Analysis of  
Financial Condition and Results of Operations  
(Continued)**

**Other income**

Igene had other income for the nine months ended September 30, 2009 of \$1,026,642. Of this amount, \$1,025,741 is a one-time occurrence related to a liability recorded in a prior period related to the termination of the joint venture with Tate & Lyle. On February 26, 2009, Igene signed a settlement agreement of past obligations and made a final payment to Tate & Lyle in the amount of \$714,227. At the termination of the joint venture, Igene recorded liabilities of \$890,000 for payments of past payables of the joint venture as well as \$51,000 for costs related to collection of receivables of the joint venture. The expense was recorded when it was thought Igene could be liable for it, but with the exception of the \$5,000,000 liability related to future revenue (see Note 2), Igene has settled its debt to Tate & Lyle.

**Interest expense**

Interest expense for the quarters ended September 30, 2009 and 2008 was \$36,403 and \$553,024, respectively, a decrease of \$516,621 or 93%. This includes amortization of discounts on Igene's notes and debentures of \$351,695 for the quarter ended September 30, 2008. For the nine months ended September 30, 2009 and 2008, interest expense was \$54,304 and \$1,654,773, respectively, a decrease of \$1,600,469 or 96%. This includes amortization of discounts on Igene's notes and debentures of \$1,055,085 for the nine months ended September 30, 2008. The interest expense was almost entirely composed of interest on the Company's long term financing from its directors and other stockholders, and interest on the Company's subordinated debentures in both periods. The reduction in this expense is due to the recapitalization undertaken by Igene during the fourth quarter of 2008, and the conversion of the majority of the Igene debt into an equity position (see Note 3).

**Net loss and basic and diluted net loss per common share**

As a result of the foregoing, the Company reported comprehensive income of \$106,092 and comprehensive loss of \$816,327, respectively, for the quarters ended September 30, 2009 and 2008. This represents income of \$0.00 and loss of \$0.01 per basic and diluted common share in each of the quarters ended September 30, 2009 and 2008, respectively. The Company reported comprehensive income of \$303,010 and comprehensive loss of \$2,594,225, respectively, for the nine months ended September 30, 2009 and 2008. This represents income of \$0.00 and loss of \$0.02 per basic and diluted common share in each of the nine months ended September 30, 2009 and 2008, respectively. The weighted average number of shares of common stock outstanding was 1,553,572,701 and 110,337,072 for the quarters ended September 30, 2009 and 2008, respectively. The weighted average number of shares of common stock outstanding was 1,530,321,918 and 110,337,072 for the nine months ended September 30, 2009 and 2008, respectively. The increase in outstanding shares resulted mainly from the shares related to the recapitalization undertaken by Igene during the fourth quarter of 2008, and the conversion of the majority of the Igene debt into an equity position (see Note 3).

**Financial Position**

During the nine months ended September 30, 2009 and 2008, in addition to the matters previously discussed, the following actions also materially affected the Company's financial position:

- Decreases in inventory for the nine months ended September 30, 2009 of \$2,398,521 and accounts receivable of \$1,012,165 were a source of cash, offset by funds used to decrease accounts payable and accrued expenses by \$2,884,801; and
- The carrying value of redeemable preferred stock was increased and interest expense recorded in the amount of \$5,336 in 2009, reflecting cumulative unpaid dividends on redeemable preferred stock.

**IGENE Biotechnology, Inc. and Subsidiary  
Management's Discussion and Analysis of  
Financial Condition and Results of Operations  
(Continued)**

In December 1988, as part of an overall effort to contain costs and conserve working capital, Igene suspended payment of the quarterly dividend on its preferred stock. Resumption of the dividend will require significant improvements in cash flow. Unpaid dividends cumulate for future payment or addition to the liquidation preference or redemption value of the preferred stock. As of September 30, 2009, total dividends in arrears on Igene's preferred stock total \$149,641 (\$13.44 per share) and are included in the carrying value of the redeemable preferred stock.

**Liquidity and Capital Resources**

Historically, Igene has been funded primarily by equity contributions and loans from stockholders. As of September 30, 2009, Igene had working capital of \$2,390,551, and cash and cash equivalents of \$1,921,438.

Cash provided by operating activities during the nine-month period ended September 30, 2009 equaled \$571,920 as compared to cash provided by operating activities of \$345,606 for the nine-month period ended September 30, 2008.

Cash used by investing activities during the nine-month period ended September 30, 2009 and 2008 equaled \$195,863 and \$250,976, respectively, resulting from the purchase of equipment.

No cash was used or provided by financing activities during the first nine months of 2009 or 2008.

Over the next twelve months, Igene believes it will need additional working capital. Part of this funding is expected to be received from sales of AstaXin®, resulting in increased cash through the fourth quarter of 2009. Additional funding is expected through the ADM JV reimbursement of expenses. There will be additional delay between the commencement of production and the receipt of proceeds from any sale of such product. However, there can be no assurance that projected cash from sales, or additional funding, will be sufficient for Igene to fund its continued operations.

The Company does not believe that inflation had a significant impact on its operations during the nine-month periods ended September 30, 2009 and 2008.

**Off-Balance Sheet Arrangements**

There have been no material changes in the risks related to off-balance sheet arrangements since the Company's disclosure in its Annual Report on Form 10-K for the year ended December 31, 2008.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk**

The Company is a smaller reporting company as defined by Rule 12b-2 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and is not required to provide the information required under this item.

## **IGENE Biotechnology, Inc. and Subsidiary Controls and Procedures**

### **Item 4. Controls and Procedures**

We carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Exchange Act). Based upon that evaluation, our principal executive officer and principal financial officer concluded that, as of the end of the period covered in this report, our disclosure controls and procedures were not effective to ensure that information required to be disclosed in reports filed under the Exchange Act is recorded, processed, summarized and reported within the required time periods and is accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Our management, including our principal executive officer and principal financial officer, does not expect that our disclosure controls and procedures or our internal controls will guaranty the prevention of any error or fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, have been detected. To address the material weaknesses, we performed additional analysis and other post-closing procedures in an effort to ensure our consolidated financial statements included in this annual report have been prepared in accordance with GAAP. Accordingly, management believes that the financial statements included in this report fairly present in all material respects our financial condition, results of operations and cash flows for the periods presented.

Igene is undertaking to improve its internal control over financial reporting and improve its disclosure controls and procedures. As of December 31 2008, we had identified the following material weaknesses which still exist as of September 30, 2009 and through the date of this report.

1. As of December 31, 2008, we did not maintain effective controls over the control environment. Specifically, we have not formally adopted a written code of business conduct and ethics that governs the Company's employees, officers and directors. Additionally, we have not developed and effectively communicated to our employees its accounting policies and procedures. This has resulted in inconsistent practices. Further, the Board of Directors does not currently have any independent members and no director qualifies as an independent audit committee financial expert as defined in Item 407(d)(5)(ii) of Regulation S-K. Since these entity level programs have a pervasive effect across the organization, management has determined that these circumstances constitute a material weakness.
2. As of December 31, 2008, we did not maintain effective controls over financial statement disclosure. Specifically, controls were not designed and in place to ensure that all disclosures required were originally addressed in our financial statements. Accordingly, management has determined that this control deficiency constitutes a material weakness.
3. As of December 31, 2008, we did not maintain effective controls over equity transactions. Specifically, controls were not designed and in place to ensure that equity transactions were properly reflected. Accordingly, management has determined that this control deficiency constitutes a material weakness.

**IGENE Biotechnology, Inc. and Subsidiary**  
**PART II**  
**OTHER INFORMATION**

**Item 1. Legal Proceedings**

There are no material pending legal proceedings to which Igene is a party or to which any of Igene's properties are subject; nor are there pending material bankruptcy, receivership or similar proceedings with respect to Igene; nor are there material proceedings pending or known to be contemplated by any governmental authority; nor are there material proceedings known to Igene, pending or contemplated, in which any of Igene's directors, officers, affiliates or any principal security holders, or any associate of any of the foregoing, is a party or has an interest adverse to us.

**Item 1A. Risk Factors**

The Company is a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and is not required to provide the information required under this item.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

None.

**Item 3. Defaults Upon Senior Securities**

In December 1988, as part of an overall effort to contain costs and conserve working capital, Igene suspended payment of the quarterly dividend on its preferred stock. Resumption of the dividend will require significant improvements in cash flow. Unpaid dividends cumulate for future payment or addition to the liquidation preference or redemption value of the preferred stock. As of September 30, 2009, total dividends in arrears on Igene's preferred stock total \$149,641 (\$13.44 per share) and are included in the carrying value of the redeemable preferred stock.

**Item 4. Submission of Matters to a Vote of Security Holders**

None.

**Item 5. Other Information**

None.

## Item 6. Exhibits

EXHIBIT NO.	DESCRIPTION
3.1	Articles of Incorporation of the Registrant, as amended as of November 17, 1997, constituting Exhibit 3.1 to the Registration Statement No. 333-41581 on Form SB-2 filed with the SEC on December 5, 1997, are hereby incorporated by reference.
3.2	Articles of Amendment to Articles of Incorporation of the Registrant, constituting Exhibit 3.1(b) to the Registration Statement No. 333-76616 on Form S-8 filed with the SEC on January 11, 2002, are hereby incorporated by reference.
3.3	By-Laws of the Registrant, constituting Exhibit 3.2 to the Registration Statement No. 33-5441 on Form S-1 filed with the SEC on May 6, 1986, are hereby incorporated by reference.
31.1	Rule 13a-14(a) or 15d-14(a) Certification of the Registrant's principal executive officer.*
31.2	Rule 13a-14(a) or 15d-14(a) Certification of the Registrant's principal financial officer.*
32.1	Rule 13a-14(b) or 15d-14(b) Certification of the Registrant's principal executive officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Rule 906 of the Sarbanes-Oxley Act of 2002.*
32.2	Rule 13a-14(b) or 15d-14(b) Certification of the Registrant's principal financial officer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Rule 906 of the Sarbanes-Oxley Act of 2002.*

\*Filed herewith.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

IGENE BIOTECHNOLOGY, INC.  
(Registrant)

Date	<u>November 13, 2009</u>	By	<u>/S/ STEPHEN F. HIU</u> STEPHEN F. HIU President (principal executive officer)
Date	<u>November 13, 2009</u>	By	<u>/S/ EDWARD J. WEISBERGER</u> EDWARD J. WEISBERGER Chief Financial Officer (principal financial officer)

## **EXHIBIT INDEX**

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\*Filed herewith.

**CERTIFICATIONS**

I, Stephen F. Hiu, certify that:

1. I have reviewed this quarterly report on Form 10-Q of IGENE Biotechnology, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 13, 2009

/S/STEPHEN F. HIU

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STEPHEN F. HIU  
President



**CERTIFICATIONS**

I, Edward J. Weisberger, certify that:

1. I have reviewed this quarterly report on Form 10-Q of IGENE Biotechnology, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:
  - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 13, 2009

/S/EDWARD J. WEISBERGER

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EDWARD J. WEISBERGER  
Chief Financial Officer

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the IGENE Biotechnology, Inc. (the "Company") Quarterly Report on Form 10-Q for the period ended September 30, 2009, as filed with the Securities and Exchange Commission (the "Report"), I, Stephen F. Hiu, President of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1). The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2). The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 13, 2009

By: /S/STEPHEN F. HIU  
STEPHEN F. HIU  
President

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION OF CHIEF FINANCIAL OFFICER  
PURSUANT TO 18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the IGENE Biotechnology, Inc. (the "Company") Quarterly Report on Form 10-Q for the period ended September 30, 2009 as filed with the Securities and Exchange Commission (the "Report"), I, Edward J. Weisberger, Chief Financial Officer of the Company, certify pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1). The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
- (2). The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 13, 2009

By: /S/EDWARD J. WEISBERGER  
EDWARD J. WEISBERGER  
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.